

APR - 6 1934

The MANAGEMENT REVIEW

Volume XXIII

APRIL, 1934

Number 4

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Published Monthly by the

AMERICAN MANAGEMENT ASSOCIATION

20 Vesey Street

New York, N. Y.

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THE MANAGEMENT REVIEW is published monthly by the American Management Association at 20 Vesey Street, New York, N. Y., at fifty cents per copy or five dollars per year. Vol. XXIII, No. 4, April, 1934. Entered as second class matter March 26, 1925, at the Post Office at New York, N. Y., under the Act of March 3, 1879.

The MANAGEMENT REVIEW

April, 1934

Analyzing Export Sales Problems of 1934*

By J. D. FLETCHER, *Export Sales Manager*
The Caterpillar Tractor Company

SUCH restrictions as tariffs, quotas, artificial barriers, nationalism, during the past few years have been the outstanding obstacles it has been necessary for those engaged in foreign trade to use every ingenuity to overcome. We have all had much practice in trying to circumvent a complicated variety of regulations in many markets and if they should all be suddenly wiped out export business might seem strangely dull. For this reason alone I doubt whether 1934 can arouse fear in the hearts of any of us.

When discussing this subject I must, of necessity, analyze it from the point of view of the products of my own company which manufactures track-laying tractors, road building machinery, stationary engines and agricultural implements such as combine harvesters, mowers, and terracers. Products of this capital goods type may, in many instances, have an advantage over certain other commodities in that they can be used effectively to benefit the national economy of nations abroad. I mention this especially because it has been our experience that the willingness on the part of authorities to permit the importation of cost-reducing machines has been an important factor in helping us to overcome artificial barriers that may be in effect. Exchange is undoubtedly made more readily available for machinery that will help a Government carry out its road programs, or to further the production of a commodity of national interest such as cotton, sugar, bananas, lumber, etc. My diagnosis of the potentialities of the coming year may, therefore, be pertinent only to products similar to those of our manufacture and may not

* Presented at a meeting of the Export Managers Club of New York, March 13, 1934. The object of the publications of the American Management Association is to place before the members ideas which it is hoped may prove interesting and informative, but the Association does not stand sponsor for views expressed by authors in articles issued in or as its publications.

be particularly applicable to consumable or luxury types of commodities.

There seems to be little doubt that we are justified in the belief that the worst of our economic troubles are behind us. Many evidences in our own particular business warrant this belief. In this country during the past few months there seems to have been a spectacular revival of enthusiasm in our Domestic Dealer organization, and I am glad to say that a most decided increase in their volume of sales justifies their optimism. It is quite apparent that many other countries have not only reached the bottom of their economic depression, but are far along on their way upward. This discussion, of course, relates only to conditions abroad.

In spite of my conviction of a widespread improvement which will be accompanied by an increasing need for American products, a number of obstacles to trade will continue to exist and must be vigorously combatted. In 1934 many markets will present problems very similar to those now prevailing. During the past few years it has been the practice of our company to study and analyze individually each country in the light of its peculiar market regulations. Generalizations with regard to procedure have been useless and in many countries almost every prospective sale has presented unusual angles that required individual thought and solution. It should be understood that each of these sales runs into considerable sums of money. We are fortunate in having a strong group of dealers abroad and rejoice that they have, with hardly an exception, not only survived the past few trying years, but have emerged from the gloom stronger than ever.

We are convinced that our determination to devise "ways and means" had much to do with the comparatively excellent record made in our Export sales even during the darkest days. When business was at its lowest ebb in the United States our Export Department was an important factor in helping to row the boat. Our percentage of sales abroad to our total sales rose to an unprecedented degree in 1932 and 1933 and the volume of sales abroad has grown very creditably, though, I am glad to say, not so rapidly as has been true of late in the United States. The volume of export sales of our principal product—tractors—cumulatively at the end of 1933 was 72 per cent higher than 1932. For the first two months of this year we are 207 per cent higher than for the same two months last year.

It is an exceedingly healthy sign, however, that for these two months our Domestic sales to the United States, Canada, Alaska and Mexico are 406 per cent higher than the same period in 1933.

It is also very gratifying to realize that, with the exception of a small loss some years ago, when dollar exchange in Australia suddenly became unobtainable, our losses abroad have been absolutely nil. We have no blocked funds in any country not any bad debts, and this, in spite of the fact that for many of our dealers we established terms of payment far more liberal than those which had prevailed in years prior to the depression. Without such

concessions many of our dealers' sales could not have been made because of exchange regulations and other restrictions. These concessions were also individual and never of a general nature. Before according them we studied carefully the conditions prevailing in the particular country involved and also took into consideration the financial standing of the dealer to whom our sale was made. I mention these past activities of our company because many of our practices along this line are still current and, in my judgment, will have to be continued during the coming year.

Artificial barriers will undoubtedly prevail during 1934 and new ones will in all probability be devised by imaginative statesmen who, quite naturally, are influenced by local conditions to try and protect their own national economy. The *spirit of nationalism* is still quite strong and will probably become stronger before it begins to weaken. There are, however, indications that enthusiasm for this false doctrine has subsided in a few spots abroad and that we ourselves may be on the eve of an era of reciprocity. In England, where there has been a steady improvement in industry throughout the past year, nationalistic feeling may very well become more evident than it is at present. England's relations and obligations to its Empire countries may very decidedly influence them in this direction. Unless some such obstacle develops Great Britain presents a most potential market for American products. Although a competitor, England has always been one of our best customers and her remarkable recovery warrants the belief that her citizens will need and demand imported goods. It would be exceedingly unfortunate, therefore, if nationalism would again interfere with the normal interchange of commodities which should exist.

Some months ago a movement was initiated in England to allow the importation of tractors only on license, the theory being that its own tractor industry should be protected. Our dealer, by very intelligent efforts, supported by the testimony of important agriculturists, was able to convince the Board, who were studying the problem, that it would be decidedly against the best interests of British economy to inaugurate such regulations. He was able to show them that no competitive tractors were manufactured in England and that without American machines the progress planned for British agriculture would be greatly handicapped. As a result, the ban was lifted for six months and at the termination of that period the subject will again be reviewed.

Some years ago we had a similar experience in Australia which, incidentally, constituted at the time one of the best foreign markets for our products. This country was the first to be affected by the economic difficulties which later put in their appearance in almost every country in the world. A commission was appointed to study imports and in their desire to rectify internal conditions, this body at one time contemplated putting a prohibitive tariff on tractors. Again our dealers after exhaustive efforts were able to

prevail upon the commission to refrain from placing any additional restrictions against tractors of American manufacture.

Quotas are still in effect in several countries and doubtless will continue to be through 1934. It is my understanding that there has been thought of a quota in Spain, but we have as yet had no confirmation of any regulations that will affect our own products. Greece has quota restrictions that are intended to protect her own industries. The quota established in France was speedily increased some 300 per cent because of emphatic protests made by our Government in Washington and by importers in France.

My suggestion with regard to methods of coping with such restrictions is to "get busy" as rapidly as possible at both ends. Based upon our experience, most effective arguments can be presented by the nationals of the country, which put into effect the restrictions in question. Evidence that a prohibition or limitation of American products will adversely affect local activities and thereby the country's national economy, are arguments which are more potent, in my judgment, than any others which can be presented.

The subject of *tariffs* is too imposing to be covered except very superficially in a discussion of this nature. Reasonable alleviations in tariffs will help the sale of American products and such action can well be initiated at home rather than abroad. Our company recently made a survey of tariffs assessed against our own products in various markets and it is our conclusion that we are not being treated unfairly. With only a few exceptions, tariffs do not constitute very formidable obstacles to our trade with other nations. We recognize that in many countries, particularly in Latin America, import tariffs constitute main sources of revenue, for the natives in many such countries will not accept any form of direct taxation. We are sympathetic, therefore, with such regulations when in reason. On the other hand, I believe that a great deal can be done by our own country to adjust tariffs that seem at present to be too rigid. A conciliatory attitude on this subject will make friends for us in many important markets.

Agricultural implements manufactured in the United States have no tariff protection whatsoever and, in spite of that fact, this industry has grown to tremendous proportions. A study of other industries will reveal that an elimination or at least a diminution of prevailing tariffs will not be fatal and the good will aroused by such concessions will be beneficial.

A study of the present tariff structure and legislation in this country seems quite definitely to indicate that relief can be given only by such authority and still be in accord with the provisions of our most-favored-nation treaties. It is common sense that we can sell only if we buy, and it seems only reasonable that we, as a nation, should facilitate, between one country and another the exchange of surplus products, especially those which can properly be characterized as specialties of the exporting nation.

When on the trail of up-to-date data on this tariff subject, I took occa-

sion to call on several officials in Washington. I was informed of the very excellent progress already made towards a reciprocal arrangement with Colombia which now awaits confirmation from the Congresses of both countries. I was told of similar negotiations to be carried on with Brazil, Portugal, Cuba and Sweden. All of this was exceedingly good news. I was comforted by the statement of one of the Government officials, that anything that would tend to disseminate the idea of alleviation of present tariff restrictions would be helpful. In this connection, I believe that I can sense some change for the better in the popular attitude towards the tariff question. There has been some very excellent propaganda on this subject distributed by the National Foreign Trade Council, the American Manufacturers Export Association and the Chamber of Commerce of the United States.

Perhaps the most troublesome barrier which has presented itself in the past few years has been the difficulty in obtaining *exchange* in many countries. A very large number of nations have put in force governmental exchange restrictions, being obliged to do so in many cases because of the complete paralysis of export of their own prime products. We have been unable to do any business whatsoever in some of these countries for several years. Chile, Ecuador, Germany, Austria, Bulgaria and other countries come under this category as far as we are concerned. On the other hand, we have been rather surprisingly successful in a number of countries where exchange restrictions are also a very definite problem.

Sales have been made in substantial volume to Argentine, Brazil, Bolivia, Colombia, Greece, Roumania, Uruguay and in smaller volume to Czechoslovakia, Latvia, Turkey and Yugoslavia. Each country has individual regulations and our credit department has given much thought to providing terms of payment that will permit the placing of the business, but which, at the same time will be within the bounds of sound business risks. In most instances the basis for payment has gone far astray from the "cash on the counter" formula which some years ago was considered to be essential in foreign trade. Our dealers have been very helpful in securing import licenses where necessary and in presenting to us workable proposals. The procedure of our dealer in Roumania may be of interest. Roumania imports are based on a quota system which works a hardship on our dealer who has enjoyed a substantial increase in business over the year on which such quota is based. In such cases, the importer, in order to get dollars must export a proportionate amount of goods, using the credit obtained to offset the dollar value of the merchandise imported. I am convinced that such regulations will continue during 1934 and am confident that it will be necessary for those of us who are connected with the credit end of the business to keep our imaginations active and fertile in order to circumvent barriers of this type.

One very important obstacle that has affected trade most seriously in many countries during the past few years, promises to be less of an adverse

factor in 1934. I refer to the violent fluctuations of currencies of other nations in relation to the dollar. Devaluation seems to assure, at least for a time, a stability which is of vital importance in international trade.

Trade Opportunities

There are, of course, certain countries where trade for individual reasons can be carried on quite normally and these, during the past years of depression, have been consistently profitable markets for our particular products. I refer to the Philippine Islands, Hawaii, Puerto Rico, Palestine, Holland, Italy, Belgium and many other countries under French influence. In addition, there have been many others where business was obtainable in spite of economic troubles. On the other hand, it is true that countries such as Tunis and Morocco, escaping the depression in earlier years, became victims of it only in 1933. Our reports indicate, however, that there are already signs of improvement in these very potential markets. It has been interesting to watch, during the last year and particularly during the last half-year, the increasing number of nations, who, one by one, joined the fold of productive markets. Like many, our company took advantage of the depression greatly to improve products. The result was, therefore, that when the upturn came in this country and in many parts of the world, we were able to offer our dealers a better balanced line of machines than ever before. I cannot ignore this factor of improved products when estimating trade opportunities for the coming year.

Of the utmost importance to us and, I am sure, to many American manufacturers is the very decided improvement which has been in evidence in Australia and New Zealand during the past year and one-half. These markets, which I have previously stated were at one time our most fertile fields abroad, were absolutely quiescent for several years. Wise measures adopted by the Australian Government bettered economic conditions far more speedily than anticipated, and have resulted in a very decided change for the better. During the past year and with increasing numbers this year, orders from Australia and New Zealand are being placed with us and we believe that the progress will be steadily upward.

There are many countries which are showing similar improvement and in which there are no rigid exchange restrictions to make trade difficult. I might list in this category such countries as the Central American group, except Costa Rica, Spain, Italy, England, India, Dutch East Indies, Siam, Italian Somaliland, South Africa, East Africa and France, which in spite of its present perplexities continues to order American machinery.

China, Japan and Manchuria will eventually provide profitable outlets. Russia, without question, will need many products of our country, but trade with this nation will undoubtedly be governed by the credit facilities provided by the Import-Export Bank. Each American manufacturer will have

to decide whether business on the terms arranged will be attractive. Cuba, which changed from a very profitable market for American products into a nonentity in that respect, may show a spectacular improvement now that political stability and some advantageous quota arrangement for her prime products seems to be assured. There are many countries, where exchange restrictions will continue but where business will show great improvement in spite of them. Included in this list are many of the South American countries, where economic conditions have been improved because of the appreciation in value during the past few months of many of their prime products such as tin in Bolivia, rubber and coffee in Brazil, wool and sugar in the Argentine, oil in Venezuela, cotton and sugar in Peru, etc. Even Chile shows encouraging signs of real improvement. The need for American machinery in Roumania most certainly warrants her being included in this category. Yugoslavia, Greece and other countries have important public works in prospect which will undoubtedly require American machinery in spite of the very rigid restrictions that are enforced in these countries.

I have mentioned briefly some of the countries which promise to be ever improving markets for our products during the coming year. Much will depend upon the degree of disruption of normal trade practices which may develop, and also upon measures which we may adopt to better our relations with other countries. I am confident that order is coming out of chaos and that we can look forward to an ever increasing export trade during 1934 and thereafter.

THE MANAGEMENT INDEX

Abstracts and News Items

GENERAL MANAGEMENT

"After the Recovery—"

It is the author's conviction that "business after the recovery will call for a new technique—not new in the sense that business normally changes from year to year, but new in the sense that America has passed through an industrial revolution which is bound radically to change business." The "revolution" of which he speaks envisages new trends in the size and distribution of our population; in home life; in purchasing power and buying habits; in the extent of direct social control over business; in public opinion concerning corporate salaries, profits and policies—all of which creates new problems and responsibilities for business. The political significance of business is a compelling factor in the situation. "If business," the author concludes, "can swing to its side the weight of public opinion by efficient operation and by fair and honest dealings it may expect a favorable decision through the ballot box. Failing to meet its opportunities in the days to come after recovery can mean only destruction either through the vote or through more direct action." By Arthur Hirose. *Advertising & Selling*, January 4, 1934, p. 24:4.

America Adventurous Again

In pointing out the significance of the New Deal the author says, "There seem to me three main aspects of the American effort upon which an English student of social tendencies in this country may profitably strive to bring out a few points. The first is the nature of the recovery program. The second is the President's leadership

and the national response to it. The third is the moral which the policy and its aims seem to carry for the English-speaking peoples in the face of the crushing state systems of personal despotisms which in Europe are displaying so undeniable, and so affrighting, a measure of present success." By S. K. Ratcliffe. *Survey Graphic*, March, 1934, p. 114:4.

Codes Make a Shambles of Small Business

In arguing the case of the little business man under the codes, Senator Borah says that the first step to take is to restore the Anti-Trust laws. "Some way must be devised to have different codes for small, independent institutions and great combines, as it were, as a different condition has to be met and different rules must necessarily prevail." By William E. Borah. *Sphere*, February, 1934, p. 9:2.

Russia Makes Ready for Trade Expansion

"There are at least two indispensable requisites for trade between nations, namely: a mutually satisfactory exchange of goods and adequate financing arrangements." The Chairman, Amtorg Trading Corporation, in describing Russia's readiness for trade expansion points out that the main purchases will be of producers' goods thus stimulating one of America's most stagnant markets; that Russia can supply the United States with great quantities of goods (mostly raw materials) now obtained elsewhere; that Russia has a good debt payment record. He says, "Serious considera-

tion should be given to the question of a loan to the Soviet Union. In this case, we would be able to make our purchases on a cash basis. Only the opening up of the American money market so as to provide normal facilities can bring about the maximum development of trade." By Peter A. Bogdanov. *Sphere*, March, 1934, p. 17:4.

Scientific Management in College Administration

The author, Comptroller, Mount Holyoke College, believes the principles of scientific management are applicable to any situation whether the organization be a store, a factory or an educational institution. He discusses the following questions in the application of scientific principles to the business administration of the college: The Budget; Purchasing; Stores; Planning; and Standards. By P. E. Henderson. *Bulletin of the Taylor Society*, February, 1934, p. 8:3.

FINANCIAL MANAGEMENT

Guaranty of Deposits Under the Banking Act of 1933

The author first points out that the provisions of Section 8 of the Banking Act of 1933 are inaccurately entitled "insurance of bank deposits" and applies the term guaranty to the proposals under consideration. He then discusses the temporary and the permanent plans and concludes—"Crutches never cured a cripple, least of all crutches that are made of poor materials. A deposit guaranty system is a crutch. The temporary plan is a much needed support for a rather badly injured and convalescent banking system. Continued dependence on crutches, when a man should be standing on his own feet and using his own legs to walk, only keeps him weak and retards complete recovery. The inherent and potential strength in the banking system of the most powerful and wealthy country of the world is unmatched. Yet it has broken down time after time, when systems in the

What Liberties Shall We Fight For?

We are misusing the word "Liberal," says Professor T. N. Carver. To him a Liberal is one who opposes the extension of Government authority. Yet today those who cry for more Government call themselves "Liberal." We ask for a managed economy but protest restrictions of stage, and press, a tangle which Professor Carver seeks to unravel in this article. By T. N. Carver. *Nation's Business*, March, 1934, p. 13:4.

Towards National Recovery

Addresses delivered at the January Conference of the Academy, being a résumé of the work of the National Recovery Administration, with special reference to business, labor, and the consumer. Edited by Ernest Minor Patterson. *The Annals of the American Academy of Political and Social Science*, March, 1934. 203 pages.

other great countries have held up and functioned with relatively little disturbance. We should have in this country a system that is under unified control and held up by its own officials and by the supervising authorities to the highest standards of banking practice. When that is achieved, deposit guaranty will be unnecessary." By Guy Emerson. *The Quarterly Journal of Economics*, February, 1934, p. 229:16.

Fallacy of Artificial Price-Raising

The author, professor of the *Institut für Konjunkturforschung*, Vienna, and a leader of the Austrian school of economists, deprecates the belief that the aim of monetary policy should be to restore prices to the level of 1929, or any other year. There is no sanctity, he says, in the average price-level of any year. What is more important, in that it determines how the productive resources shall be distributed, is the relation of one price to others; and no mone-

tary action for raising prices can be taken without upsetting these relationships and ultimately contributing to the disequilibrium of slump conditions. By Professor F. A. Von Hayek. *Barron's*, March 12, 1934, p. 17:1.

Who's Afraid of \$6 Billions?

In this article analyzing the Budget, the following conclusions are reached: "First, the crux of the Government's Recovery program is its own expenditures; Second, the outlook is for the expenditure of from two to three billions on projects rather directly stimulating purchasing power and business in the six months, January to June, 1934; Third, the proposed Budget for the fiscal year '34-'35, which contemplates only a two-billion-dollar deficit, is important solely as expressing a Presidential intent or hope. In times like these, with the Government acting as a national Santa Claus to the extent outlined, nobody can do more than guess at the expenses in the period six to eighteen months hence; Fourth, the danger to the Government's credit, therefore, does not arise so much from the Budget for the current six months as it does from the uncertainties in the budgets for 1935 and 1936. Six billion dollars, big though it is, is also defined and, furthermore, is just about as much as can be spent in six months. Expenditures after that are uncertain, unfathomable and, perhaps, unlimited." *Sphere*, February, 1934, p. 11:3.

Chemical Prices and Gold Values

American chemical prices have declined since we abandoned the gold standard. In actual gold values the advance in chemical dollar prices represents a net loss in gold value. The author by means of a chart shows price trends of 20 representative industrial chemicals in the United States from January, 1931, to November, 1933. Three other charts indicate that the effects of inflation in England and the United States on chemical prices are comparable. By Thomas F. H. Leyden. *Chemical Industries*, February, 1934, p. 110:3.

Should We Turn to Silver?

The worldwide depression has occasioned the perpetration of hundreds of currency panaceas. Silver, as one of the two monetary metals longest known to mankind, has quite naturally had its place in such proposals. Most of the interest in silver, however, has been generated by silver producers who represent a small but politically powerful section of our economic life.

After reviewing the case for silver as a standard of value and as a reserve material in central banks of issue, the author concludes that "our salvation is not to be sought in silver, but that the search for fundamental relief must be directed elsewhere." By Herbert M. Bratter. *Public Policy Pamphlet No. 6, University of Chicago Press*, 1933. 28 pages.

An Alternative to Inflation

Inflation as an antidote to the price level-debt structure disparity now afflicting the country has been fully and freely discussed, but as the author, professor of economics at Harvard University, points out, opponents to such a course have been notably lacking in proposing alternative means of achieving the same end. Professor Gragg discusses the dangers to the creditor class from direct inflation, points out the tremendous problem the inflationary process is hoped to solve, and suggests an alternative course—the possibility of an equitable, voluntary scaling down of the debt structure along the lines foretold by the bankruptcy-law revisions enacted in the last days of President Hoover's term. By Charles I. Gragg. *Barron's*, February 5, 1934, p. 9:1.

The Price of Silver and Chinese Purchasing Power

In this discussion of the "purchasing power" argument of the silver interests, and its political importance, the author reaches these conclusions: "It is clear that if the Chinese silver exchange price of gold had been deliberately raised by governmental currency experts with the hope of

raising international prices in Chinese currency first and most; if it had been attempted thereby to raise the whole domestic price structure to some desirable level, four years of effort would have seen the goal even farther away than at the beginning. In March, 1929, all the indices were approximately the same; in August, 1933, though the silver exchange price of gold was still nearly double its former figure, the prices of imports were only 25 to 30 per cent higher, wholesale prices were about the same as before, and the prices of exports actually 18 per cent lower. The conclusion seems clear that many other and more important factors have been influencing prices and trade in China than silver exchange rates and the price of silver.

'Doing something for silver' will do very little either for Chinese purchasing power or for American exports." By T. J. Kreps. *The Quarterly Journal of Economics*, February, 1934, p. 245:43.

How to Read a Dun & Brad

The Dun & Bradstreet credit report chronicles relevant facts. From those facts the man who uses the report draws conclusions. He must allow full play to his inquisitiveness and imagination to reach an appropriate decision. This article presents in tabloid form, a guide for agency report analysis. By F. M. Bellows. *System and Business Management*, March, 1934, p. 116:3.

Insurance*

Comprehensive Automobile Policy

A comprehensive automobile policy is available in most territories which includes in one contract various insurable risks excepting public liability and property damage. In order to make the price within range, three optional deductible features are introduced, \$25, \$50 and \$100 which apply to each loss of any cause. The result is a comprehensive policy available at 10 to 20 per cent less than the total cost of fire, theft and corresponding deductible forms of collision when separately insured, with other risks thrown in. One advantage of this comprehensive form is the elimination of many small claims which are expensive to handle, and this permits the careful driver to obtain complete protection from serious loss at a nominal premium. *The Eastern Underwriter*, January 12, 1934, p. 19:1.

When Trespassers Can Collect

The definitions of the Michigan Supreme Court in the case of *Burns vs. Union Carbide Company* show how remote causes may bring on public liability claims. A

railway track had been built by the defendant across dumping ground and the public has continually used the railroad bed as a permissive way for pedestrian travel. A woman fell into an excavation, receiving injuries which caused death.

The Supreme Court said that the person was rightfully on the premises as a licensee, and that the defendant gave no warning of danger. The implication seems to be that even in the ordinary use of property an owner must set up guards and warnings if he makes a change that might cause danger to trespassers who are in the habit of using his property without objection from him. *The Casualty Insuror*, February, 1934, p. 15:1.

Life Insurance—Importance of Sound Currency and National Credit

The entire population is dependent to some degree, either directly or indirectly, upon the soundness of life insurance. Most life insurance companies during the depression have fully justified the confidence which has been placed in them. In the main, they have succeeded both in meeting

* Insurance abstracts are contributed by P. D. BETTERLEY, Assistant Treasurer, Graton & Knight Co.; Vice-President in Charge of Insurance Division, American Management Association.

the demands for unusual cash payments at a time when total income was diminishing and in increasing assets despite a heavy drain upon resources. A sound national economy and a stable currency anchored to a balanced federal budget will assure to policyholders the protection to which they are entitled and upon which they originally counted in the assumption of their contracts. *The Index*, (New York Trust Company), January, 1934, p. 1:7.

Commissioners Revise Valuation Formula

The valuation of securities of insurance companies as planned by the National Convention of Insurance Commissioners will result in a slightly higher level than obtained the middle of July, 1933, but a much lower level than that of the last convention value. The formula is based on an average of values as set by the Convention December 31, 1932, and the market quotation of November 1, 1933, with some variation for bonds not in default and govern-

ment bonds. The committee on valuation of securities is authorized to modify the formula in cases where circumstances warrant. *The Weekly Underwriter*, December 9, 1933, p. 1084:2.

The Problem of Fires in Industry

An analysis of the fire loss figures for several years shows that about 1 per cent of the number of fires produce over 60 per cent of the amount of financial loss, in high valued or industrial areas. From the standpoint of volume poor housekeeping maintenance and careless handling of electricity lead as causes, whereas frequency is attributed chiefly to friction, careless handling of electricity and smoking or associated causes. Other interesting data and suggestions for eliminating losses were presented to the Greater New York Safety Conference by T. Alfred Fleming. Extracts from his address will be found in *The Eastern Underwriter*, March 16, 1934, p. 32:1.

OFFICE MANAGEMENT

Space: Location, Equipment, Arrangement

Pioneering Air Conditioning Brings B. & O. Better Business

Fifty years ago this summer the Baltimore and Ohio Railroad Company installed its first air conditioning system in a railroad passenger car. This "system" was a huge ice box in the bow of the car, fitted with air ducts so that the car's motion caught up some of the breeze it created, carried it back over the ice and into the car proper. In this interview the president of the company relates the various steps taken since then toward perfection. He says, "Our traffic people believe, from their studies, that air conditioning has done more to bring us increased business than any other factor. That means dollars and cents gains. . . . Certainly if I were a business executive in any other line, I would want

to inform myself fully as to what air conditioning had to offer my type of business. And I would want to be the first in my line to capitalize it." Detailed views of the air conditioning equipment now used are given. An interview with Daniel Willard. *System and Business Management*, March, 1934, p. 114:3.

The Small Office Can Save Money by "Going Modern"

The point to consider is not what a new office machine or system will cost, but what it will save. The Managing Director, Allen, McGuire Sons & Co., tells of the five new appliances installed in his small office, which quickly saved more than their cost, and are still saving. By Hugh Allen. *Business*, March, 1934, p. 25:2.

Records: Forms, Charts, Cards, Files, Statistics**Unit Posting Plan**

The term "unit posting" has been defined as posting simultaneously on the depositor's ledger, on the depositor's statement, and in a journal, the checks and deposits which affect them. The statement and journal are effortless by-products of the ledger posting, and the ledger and journal are both original records. This is the plan adopted by the Montclair National Bank, whereby it has been possible to effect a substantial reduction in bookkeeping costs while at the same time promoting speed and accuracy. *System and Business Management*, March, 1934, p. 129.

How to Design Business Forms

The steps recommended are: 1. That the control, initiating, changing and ordering of forms be placed in the hands of a centralized authority—one man or a committee; 2. Schedule all forms for a periodic review, so that eliminations, improvements and changes will be gradual and supervised; 3. Select a printer competent to give prompt service, sound advice on paper, ink, sizes and quantities, and reasonable prices for such services. Then deal as thoroughly as possible with that one printer. By A. Ellis Frampton. *The Office Economist*, January-February, 1934, p. 8:3.

Record-Keeping for a New Industry

A delineation of one method that has been found adaptable to the diverse requirements of the many phases of liquor dis-

tribution. The equipment used is a register and answers many purposes: as a register for making and issuing multiple copies of all printed forms, including invoices, delivery bills, requisitions, purchase slips, production slips, shipping and repair orders, receiving forms, bills of lading, and so on; as a recorder or manifold discharging up to three copies and retaining a checking copy in a locked compartment; and as an auditor equipped with a record compartment and cash drawer assuring absolute control of every transaction involving cash. *System and Business Management*, March, 1934, p. 118:2.

£3,000 a Year Off the Stationery Bill

A small committee consisting of the head buyer, the heads of the office printing and planning departments and an investigator who was also to act as secretary was formed by Rowntree & Co., Ltd., to make a systematized research into the whole question of stationery uses and costs. The author details the work of the committee and concludes that the justification for this plan lies in the fact that there has been, for the past four years since the investigation, a progressive reduction in the expenditure on stationery, last year's figure being 24.5 per cent lower than that of four years ago—this in spite of the fact that stationery prices have not fallen appreciably. In all over 20 per cent of the stationery items were discontinued. By Oswald Hare. *Business*, February, 1934, p. 27:2.

Organization: Job Analysis, Employment, Pay, Tests**Self-Analysis for the Executive**

The executive leaves no stone unturned in refining and perfecting the various systems in an office but often neglects to analyze one thing—himself. The author suggests that every executive make a personal survey periodically through self-analysis or interpretation. He first lists ten questions which "if answered impartially and hon-

estly, should reveal the basic points of interest which may exist." The second phase of the executive's analysis "may well be concerned with his mental attitude toward man in general and individuals." Mr. Scribner discusses the use of the weapon of fear by many executives in order to secure greater production. He concludes, "While the ideas in this article are ad-

mittedly idealistic, they are, nevertheless, eminently practical and the executive who applies this self-analysis conscientiously will surely attain new heights of accomplishment." By Charles S. Scribner. *N. O. M. A. Forum*, February, 1934, p. 12:3.

How Motion Analysis Cut Order Handling Time 47 Per Cent

When the Westinghouse Electric & Manufacturing Company found that a considerable part of the "office time" was consumed in transcribing information from orders to various cards, forms, and so on, they looked about for a means of expediting the work. It was found that by the use of a gelatin-roll duplicating machine, one operator could duplicate as much information as several could transcribe. Accordingly, duplicating machines were installed in all their shop offices with a great saving in clerical labor. However, further analysis showed room for greater motion economy. A process chart of the various operations is given and solutions indicated by analysis of this chart are described. By F. J. Titler. *System and Business Management*, March, 1934, p. 124:3.

Human Emotions—A Challenge to the Office Manager

Some of the findings observed in case studies of fifty-two men employed by the German National Railroad System. They were studied in regard to: 1. Overt behavior, such as efficiency, lateness, co-operativeness, verbal outbursts, constructive ideas, absentism, and so forth; 2. Emotional behavior; 3. Dominant trends of thought and reverie; and 4. Such physical and physiological items as could be either detected or measured, such as blood pressure, red and white blood count, colloid content of the blood, weight, hours of sleep, illnesses or pains, and feelings of fatigue. Special emphasis was laid on the analysis of relationships existing between these items and environmental conditions or personality traits. By Rexford B. Hersey. *N.O.M.A. Forum*, February, 1934, p. 18:5.

Proceedings of the 1933 Annual Conference of the Life Office Management Association

Held at Edgewater Beach Hotel, Chicago, October 2, 3, 4, 1933. 295 pages.

PRODUCTION MANAGEMENT

General: Promotion, Organization, Policy, Development

Recent Economies in the Use of Fuels in the Iron and Steel Industry

A by-product of the depression has been the greater attention paid to fuel economies. This has resulted in better design of equipment, greater use of insulating materials, and in more scientific control. Some of the methods used to secure greater fuel economy in the steel and metal-working industries are described in this article. By Martin J. Conway. *The Iron Age*, February 15, 1934, p. 12:5.

Organization as a Technical Problem

The work of individuals is always divided horizontally into different tasks. Such sub-

division is usually either "serial"—the responsibilities follow each other in process, "unitary"—the responsibilities are defined by areas or objects, or "functional"—the responsibilities are distinguished by kinds of subjects. But where any large numbers are concerned, work must also be divided perpendicularly into different levels of authority and responsibility. The adjustment of these authorities and responsibilities to each other and their continuous correlation constitute one of the main tasks of leadership in any enterprise.

Mr. Urwick discusses and illustrates the manner in which problems of leadership through organization have been approached in both civil and military life. "The most

constructive aspects of leadership," he points out, "are those which are exercised 'face to face.' The loss of the 'personal touch' which is so often deplored is not due to the size or complexity of modern enter-

prises. It is due to the absence of 'staff' organization. Administrators cannot see foremen and fields and factories for filing cabinets." By L. Urwick. *International Management Institute*, 1933. 40 pages.

Industrial Economics: Labor and Immigration

Two and One-Half Years Under the Six Hour Day

A booklet of facts drawn from Kellogg Company's two and one-half years of operation under the six-hour day. Under the Kellogg plan of continuous process operation the plant runs twenty-four hours a day and six days a week during the summer months of the year. In the winter the operation drops to five days a week but the plant is in operation for the full twenty-four hours a day.

"At first thought one would be inclined to believe that a change-over from three eight-hour shifts to four six-hour shifts would cause confusion and necessitate much readjustment, would automatically decrease workers' wages 25 per cent and would add at least one-third more names to the payroll. However, two and one-half years of operation under the six-hour plan at the Kellogg plant has proved conclusively to the management that such a change can be made with no break in production schedules and with a minimum readjustment to all concerned. Of course, it was necessary to give careful consideration to four things—production planning, control of overtime hours, personnel adjustment, and wage adjustment. With these four factors cared for the plan was easily put into operation. In inaugurating the plan many points were carefully weighed. Standards of living and the cost to support a family were studied from the wage earner's viewpoint. The probable effect on production efficiency and unit cost was estimated from the company's viewpoint. . . . After two and one-half years of successful operation no change is contemplated, even with the return of normal conditions." *Kellogg Company*, 1933. 17 pages.

Capital, Legislation, Wage Theory,

Labor Under the German Republic

This article deals with the following aspects of the problem: The German labor problem before 1918; during the Revolution; under the Weimar Constitution; the course of events thereafter; the development of trade unions; of collective bargaining; the arbitration system; the works council; the economic council; the labor law; the rise of National Socialism; the position of labor under the Hitler government. By William T. Ham. *The Quarterly Journal of Economics*, February, 1934, p. 203:26.

Productivity, Hours, and Compensation of Railroad Labor

Changing conditions of employment and productivity among the principal groups of railroad employees other than those connected directly with transportation are discussed in the second of three articles on railroad labor. Technological changes included mechanical office appliances, track-laying machines, mobile power units, better steel and other materials, chemical treatment of ties, improved round-house and shop facilities, etc. Changes in productivity in the different groups varied widely. The upturn in revenue traffic in 1933 was accompanied by a comparatively slight increase in employment. By Witt Bowden. *Monthly Labor Review*, January, 1934, p. 43:20.

The Practical Value of Physiology to Industry

The author summarizes a number of recent researches in the application of physiology to industry in such matters as muscular work and fatigue, noise, lighting and

ventilation. "I am quite convinced," he states, "that an immense amount of benefit to workers and to industry will result from mutual cooperation between engineers and medical scientists, and that without such cooperation practical achievement will be either delayed till bitter experience teaches us what to do, or rendered impossible by the physiological and psychological make-up of men. Such cooperation as I visualize can only come if it is realized that the human factor is all-important, and that at least an elementary knowledge of physiology and its applications in industry should be possessed by all those who are destined to have the control and management of men and women workers in our factories, offices and mines." By G. P. Crowden. *The Human Factor*, February, 1934, p. 57:13.

The Route Back to Work

A survey of the plans and first accomplishments of the U. S. Employment Service established under the Wagner-Peyser Act, and of the Emergency Reemployment Service superimposed upon it. By Beulah Amidon. *Survey Graphic*, March, 1934, p. 101:6.

What the CWA Money Bought

This article is a review of what the CWA was expected to do and what it did. By Paul McCrea. *Nation's Business*, March, 1934, p. 24:3.

Recent Developments in Subsistence-Homesteads Movement

Up to the middle of January, Federal loans had been authorized for 11 subsistence-homestead communities which will provide for nearly 2,500 families, including over 10,000 persons. These are to be located in nine states and are to be mainly to demonstrate the possibilities of homestead life for occupational groups left stranded by the moving or closing of industries in which they were formerly employed, farmers marooned on land too poor to yield a living, etc. The homestead gardens will provide part of the families' maintenance,

while part-time employment in local industries to be established is expected to supply the remainder and to provide the cash necessary to repay the loan. The loans to the individual projects range from \$50,000 to \$1,000,000 and are to be repaid within (usually) a 20-year term. *Monthly Labor Review*, February, 1934, p. 245:9.

Employment Trends in Philadelphia

Part I of this study deals with the broad movements of labor demand and supply in various occupations in Philadelphia from 1900 to 1930. Part II analyzes the changes in demand for labor in various manufacturing industries in Philadelphia from 1899 to 1929. The direction and extent of changes are studied and the causes analyzed. Part III classifies manufacturing industries in Philadelphia according to the timing and amplitude of their seasonal fluctuations in employment. By Emmett H. Welch. *Department of Labor and Industry, Pennsylvania State Employment Commission*, 1933. 106 pages.

Thirty Thousand in Search of Work

This study is an analysis of the labor supply in the State Employment Office of Philadelphia in 1932, by sex, occupation of longest job experience, age, and other important economic characteristics. The results are compared with other surveys of the unemployed in Philadelphia and elsewhere. A detailed analysis is made of the applicants in ten active labor surplus occupations and in the age-group 36 through 40 years, because these groups predominate in the labor supply of Philadelphia at this time. By Gladys L. Palmer. *Department of Labor and Industry, Pennsylvania State Employment Commission*, 1933. 93 pages.

Planning Occupational Distribution

The proper distribution of people in occupations is of tremendous importance in the economic welfare of a country. To provide for this proper distribution and at the same time to insure a place in our economic life for every person in the community irrespective of the increasing efficiency of

any given industry, the author proposes the development of an occupational plan which would be built around an intelligent effort to direct the right people in the right number to available occupations. "There is reason to think," he concludes, "that there is more work available than will ever get done. It is up to the people in each community to prepare an occupational plan for that community. These plans should be combined and adjusted into a state plan and the state plans should be adjusted into a national plan. It is only thus that we shall be able to get the maximum use of all of our human resources. It is only thus that we shall have effective freedom of choice of occupations for every individual. It is only thus that we can use all the people to do all the work at all times." By Harold F. Clark. *Occupations*, February, 1934, p. 18:9.

Incentives in Repetitive Work

The experiment which forms the subject of this report was devised for the purpose of studying the nature and causes of the reactions of different individuals to various types and conditions of work. It represents an attempt to apply intensive methods of procedure to a small group of operatives employed under controlled conditions for a total period of 54 weeks. By S. Wyatt assisted by L. Frost and F. G. L. Stock. *Report No. 69, Medical Research Council, Industrial Health Research Board*. 1934. 67 pages.

This Welfare Policy Reduces Labor Turnover

The policy of Thomas Marshall & Sons, Ltd., with regard to welfare work has been molded by two considerations: First, 75 per cent of the labor is female; second, a

great proportion of this labor is juvenile. The welfare supervisor has entire charge of the engaging of juvenile labor, and the following up, by means of complete records, of each person so engaged during the training period. From an interview with the Welfare Supervisor, Thomas Marshall & Sons, Ltd. *Business*, March, 1934, p. 20:3.

Commercial Correspondence Courses and Occupational Adjustments of Men

An analysis of the men registered in the Minnesota Employment Stabilization Research Institute who had participated in commercial correspondence courses. Facts and interpretations are given regarding cost of courses, mortality rates, and practical values. By Charles Bird with the assistance of Donald G. Paterson. *University of Minnesota Employment Stabilization Research Institute Bulletin No. 7*, February, 1934. 27 pages.

Salvaging Depression's Victims

In any program to better the conditions of economic life, and thereby attain the true liberty, the preservation of confidence, initiative and independence in the individual must be the prime objective. In this article Newton D. Baker presents the imperative need for funds from private sources to maintain "the social agencies . . . upon which we come to depend for the maintenance of the American standard of living." While the government is meeting the emergency needs, these social agencies must still be maintained by private philanthropy. This is a social responsibility which private capital must meet, for as Mr. Baker says, "While the Federal Government makes life possible, it is for us to make it worthwhile." By Newton D. Baker. *Economic Forum*, Fall, 1933, p. 335:10.

Plant: Location, Lighting, Heating, Ventilation

Industrial Lighting

Five articles on the value of proper lighting in the factory appear in this one issue. The titles are: "Workers Are Human

Seeing-Machines"; "Showing the Need for Better Seeing"; "How to Get Better Seeing"; "Painting—the Other Half of Better Seeing"; "How to Survey Your Plant for

Better Seeing." *Factory Management and Maintenance*, March, 1934, p. 93:16.

What to Know About Waterproofing and Preserving Factories

A detailed description of the methods and products in use for making all parts of new and existing buildings water, acid and

oil proof. A list is given of the acids and chemicals most generally found in manufacturing processes and the various classes of acidproofings best adapted to counteract their destructive influences upon building materials and products. By J. Travers. *Mill & Factory*, March, 1934, p. 40:6.

Training and Education: Schools, Libraries, Apprenticeship, Employee Publications, Bulletin Boards

Employee Education Pays Dividends

The Director of Education, International Business Machines Corporation, cites the "old and perhaps threadbare parable of the man who came upon three workmen and asked what they were doing. Said the first: 'I'm earning my living.' Said the second: 'I'm shaping this block of stone.' Said the third: 'I'm helping to build a cathedral.'" This company not only seeks never to lose sight of the "cathedral," states Mr. Armstrong; it also strives to keep the same vision before every employee through an unusually thorough educational program which he describes in this article. By G. H. Armstrong. *Executives Service Bulletin*, February, 1934, p. 3:3.

Apprentice Training Courses Justify Their Cost

Rice, Barton & Fales, manufacturers of highly specialized machinery for the making of paper and textile printing machines and textile dyeing machines, believe the only way to secure the carefully trained and skilled workers which this production requires and to have an adequate supply of properly trained young men coming along to take the place of those who fall out, is to maintain a series of training courses. This has been considered so vital that the training has been kept up right through the depression. The training plan is detailed by the General Superintendent of the company. As told by Robert H. Taylor. *Mill & Factory*, March, 1934, p. 45:4.

Shop Methods: Industrial Engineering, Standardization, Waste, Rate Setting, Time and Motion Study

Standardization of Expense Materials in Industrial Plants

With an idea of correlating all information regarding the purchasing of expense material, the Westinghouse Electric & Manufacturing Company organized the Works Standard Department a few years ago to check—first, the various types and classes of expense materials being ordered, second, the keeping of numerous duplicate stocks in the several manufacturing departments, and third, simplify and standardize the methods and practices involved. As a result of this activity, the ordering of expense materials has been reduced to a very simple procedure, duplication has practi-

cally been eliminated by incorporating the information on standard sheets and a standard book of expense materials developed in which these sheets have been placed. The description is given by the Superintendent, Works Standard Department and is accompanied by sketches of some of the forms and standard sheets used. By L. E. Schumacher. *Mill & Factory*, March, 1934, p. 33:4.

Plant Layout Cashes in on Motion Economy

When making an analysis of the layout in the department to find out if costs may be reduced by changing it, the following

questions should be considered: Are conditions—lighting, heating, ventilation, and the like—all that they should be? Is the equipment the best for the job? Is the supply system all right? Could mechanical handling equipment be installed to do away with manual handling? While the machine is making a cut is there idle time which could be utilized productively? Do the operations follow in logical sequence? By C. G. Johnson. *Factory Management and Maintenance*, March, 1934, p. 114:3.

Grunow Laid Out Their Plant to Keep Production Moving

A description of the remodelling of the old Alemite plant into the domestic refrigerator factory of the Household Utilities Corporation. The progress of the change is noted and a flow-chart showing the movement of production materials through the modern plant is given. By George Applegren. *Mill & Factory*, March, 1934, p. 25:4.

Reorganization of the Galeries Lafayette Garage

The delivery department of the Galeries Lafayette has at its disposal 160 cars of 33 different types, which are used to deliver goods in and about Paris. The problem of reorganization presented three as-

pects: operating control, the administration of the repair shop, and research as to methods of operation. The procedure followed resulted in the determination of standard costs for each operation on the basis of cost per hour and made it possible to debit the running expense account of each car with the cost of repairs. Although the aggregate mileage per month remained the same, the reorganization made possible a reduction in the labor costs of 35 per cent, a reduction in fuel of 23 per cent, in lubricants of 16 per cent, in tires of 71 per cent, in cost of material used for repairs of 46 per cent, in garage and repair shop overhead charges of 24 per cent, and a reduction in repairs entrusted to outside firms of 95 per cent. By Paul Planus. *International Management Institute*, 1933. 49 pages.

Toolroom Losses Can Be Overcome

In the modernizing, systematizing and renovation of production departments the author feels that the importance of the toolroom has been lost sight of. High quality and low production costs depend on efficiency in the toolroom and only a modernized specializing program supported by active cooperation on the part of employees, will remedy conditions now existing in many toolrooms. By H. J. Chamberlain. *Mill & Factory*, March, 1934, p. 30:5.

Research and Experiment

Multiple-Unit Bag Opener Speeds Packaging

Developed by engineers at the Borden plant and built in the plant's shops, a multiple-unit bag opener enables three girls to sack 500 dozen ice cream sandwiches in an hour. The bag opening machine is a

series of holders that accommodate from 150 to 300 bags and a blower that forces air through nozzles of the machine. Side and detail views of the bag holder and air-nozzle assembly are given. By Frank K. Lawler. *Food Industries*, February, 1934, p. 63:2.

Benefit Systems and Incentives: Pensions, Vacations, Profit Sharing, Wage Plans, Suggestions, Stock Ownership

Why a Credit Union?

"Because it helps employees save conveniently, safely, in small amounts; provides some measure of financial security;

enables workers to borrow when they have to, at reasonable rates; and keeps loan sharks out of the plant." *Factory Management and Maintenance*, March, 1934.

The Use of Credit Unions in Company Programs for Employee Savings and Investment

A presentation of the development and organization of the movement as a whole

as a background for an understanding of the problems and opportunities of industrial credit unions. Prepared by Eleanor Davis. *Industrial Relations Section, Princeton University*, 1933 (revised). 37 pages.

MARKETING MANAGEMENT

Effects of Recovery Program on Distribution Costs

The author takes issue with a number of current assumptions concerning distribution—that the relation of volume to the reduction of costs is the same in manufacturing and distribution; that distribution costs are likely to be unnecessary if they are intangible; and that the control of margins in the retail field means higher prices. He points out that the five fields in which the greatest possibilities for improvement in distribution functions lie are: Cost analysis, market measurement, commodity standards and specifications, competitive abuses, and buyer-seller relationships. "All in all," he concludes, "the prospect appears to be for a sharp decrease in the relative cost of distribution as one result of the NRA." By Wroe Alderson. *The American Marketing Journal*, January, 1934, p. 30:4.

Let's Take the Blue Sky Out of Air-Conditioning

A review of the present status of a new industry and its immediate and potential market possibilities. By Arthur Hirose. *Advertising & Selling*, February 1, 1934, p. 18:4.

Obsolescence—Today's Profit Opportunity

In this review of conditions in the office equipment branch of the capital goods industry, the President, Dictaphone Sales Corporation, writes that competitive practices that have been popular in the past are going out of fashion and are being replaced by sounder plans based upon effi-

cient methods, economical manufacturing, and upon improved machinery, systems and devices—plans that will put a company in a better position to make a profitable sales record. By L. C. Stowell. *Executives Service Bulletin*, March, 1934, p. 5:2.

The Open Price System: An Invitation to Monopolistic Price Raising

This analysis of how open price provisions have operated to hoist prices far beyond those levels necessary to cover increased costs of manufacturing under the NRA was presented by E. J. Condon of Sears, Roebuck and Co., who represented the Mail Order Association of America at Administrator Whiteside's public hearings in Washington. Mr. Condon shows that open price provisions have led to higher prices than those resulting from outright price-fixing provisions. He also shows that the prices of selected materials sold under codes containing open price provisions have already advanced 11.2 per cent higher than the 1926 level and 20.8 per cent above those of 1929. *Advertising & Selling*, February 1, 1934, p. 19:1.

The Recovery and Expansion of a Market

Characterizing the present market as "an open-minded one," the advertising manager, The Structural Slate Company, describes a successful "dealer help" advertising campaign recently completed by his organization. "The campaign," he states, "was launched when many were skeptical about spending money for advertising. It was launched when the sky was not quite as clear as it is now. The results have

proved to us that well-planned advertising, backed by both a sound product and a sound marketing schedule, cannot help but succeed." By R. Robbins. *Executives Service Bulletin*, December, 1933, p. 7:2.

The Challenge of Sales Leadership

The author, Agency Vice President, Phoenix Mutual Life Insurance Company, suggests that sales leaders, in order to show the way in the battle for business with initiative and aggressiveness, follow the principles of the United States Army in taking an "estimate of the situation." It consists of five parts: 1. Mission; 2. Enemy; 3. Supporting Troops; 4. Plans; 5. Decision. By D. Gordon Hunter. *The Red Barrel*, January 15, 1934, p. 2:4.

Selling to Industry in 1934

What must sales organizations do to measure up to the demands of 1934? What changes in selling policies and plans are going to be necessary? The General Sales Manager of the Cincinnati Milling Machine & Cincinnati Grinders, Inc., in considering these questions, points out new opportunities that exist, suggests spots at

which a selling force may need physical and inspirational bolstering, and emphasizes the need for "mountain-top planning"—planning done from a vantage point, well above stifling detail and routine. By Frederick B. Heitkamp. *Executives Service Bulletin*, January, 1934, p. 7:2.

Open Price Selling

The term "open price policy," as used in this article, means one price for a given article and that price open to every prospective purchaser. The author, president of the American Radiator Company, points out the difficulties encountered in any attempt to apply open price practices to the complicated buying and selling operations of manufacturers and wholesalers. He indicates the enormous waste of time and money in the continued efforts to ascertain lowest prices, and concludes that the application of open price selling in industry would be a tremendous step forward in price stabilization and elimination of unfair trade practices. By Rolland J. Hamilton. *Executives Service Bulletin*, January, 1934, p. 1:3.

Salesmen: Selection, Training, Compensation

Salesmen's Car Allowance Plans Based on Average Operating Costs

The replies to a questionnaire distributed among sales managers of representative Canadian firms with large, medium and small sales forces disclosed that only 45 per cent of those replying held that the salesmen should own their own cars, whereas 55 per cent maintained that ownership should rest with the company. In regard to the manner in which operating costs should be paid, 47 per cent favored a "flat allowance," 45 per cent favored a "mileage rate," while only 8 per cent favored "actual expenses." The reasons given for the various preferences differed widely and serve to indicate that no standardized system of operating salesmen's cars is likely to be developed in view of the divergent weights

assigned to component factors on the basis of individual requirements. *Marketing*, January 20, 1934, p. 2:2.

Selecting Sales Personnel

Description of a research project, by the Procter and Gamble Company, the problem of which was to select two tests, one to be designed to select men of good routine sales ability, and the other to select men who would have sales managerial ability. The conclusions reached show: 1. Mental alertness should have a prominent place in selecting for promotion; less for routine sales; 2. Personality items should have a prominent place in selecting for sales ability; less for sales managerial ability; 3. Home-made items deserve a tryout in selection programs; 4. Routine salesmen

tend to be more conventional in responses to social attitudes than are promotional men; 5. Sales and sales managerial ability are fairly distinct and independent. By R. F. Lovett and M. W. Richardson. *The Personnel Journal*, February, 1934, p. 248:6.

Lower Sales Costs and Happier Salesmen Under This Bonus Plan

A careful study of the problem of salesmen's compensation by the Abbott Laboratories (manufacturing chemists) resulted in the present plan which may be outlined briefly as: "Drawing account (small salary and expense), with quota on profit requirement, based on drawing account, and territorial conditions, bonus at the 'breaking even' point with, accelerating bonus scale." The reason is given for each of these practices. By A. D. Brush. *Sales Management*, March 15, 1934, p. 232:2.

How to Select Salesmen Through Classified Ads.

The author lists the following points to be stressed in advertising for salesmen: 1. Begin your advertisement with the name of the trade or type of proposition for which you require a salesman; 2. Give details of what the salesman is required to do, whether he will sell on an established proposition or pioneer; 3. State any special trade qualifications or experience required; 4. If on salary, mention this next. If bonus, expenses or other monetary inducement is offered, be sure to include it;

5. If necessary, state qualifications you require in the way of character, intelligence, hard work, bonded or not, etc. What references are required; 6. Prospects (if any) should then be mentioned. By Bernard G. Hosie. *Business*, March, 1934, p. 19:1.

How Bemberg Enlists the Support of Distribution's "Forgotten Man"

A report of a campaign recently conducted by J. P. Bemberg Company, one of Germany's largest manufacturers of artificial silk. Extending over a six-month period, the campaign was divided into three parts—three contests designed to make enthusiastic Bemberg salesmen of the people who first see the customers' money—the retail clerks. *Advertising & Selling*, March 15, 1934, p. 20:1.

Developing a Loyal Sales Staff

Loyalty in the sales force, states the Executive Vice President, General Foods Corporation, "can be won and inspired with fighting spirit by bringing each man frequently into effective contact with his immediate superior and thereby destroying his isolation; by definitely placing responsibility and providing adequate incentive to induce a salesman to shoulder his responsibility; as well as by providing at all times through the higher executives an example of assiduous attention to the interests of the company." By Clarence Francis. *Executives Service Bulletin*, March, 1934, p. 1:4.

Sales Promotion: Letters, House Organs, Advertising

"Idea a Week" Quota Makes Staples Newsy and Promotable

The Pioneer Suspender Company (suspenders, garters and belts for men) established a quota of one idea a week for its design department, which would improve the comfort or appearance of any Pioneer product, or lengthen its life, or in any way make it more salable. In the marketing of its styled line, Pioneer has geared its selling policies to the same tempo par-

ticularly in the matter of dealer relations. The main planks of the marketing platform are summarized in this article. By A. R. Hahn. *Sales Management*, March 15, 1934, p. 230:3.

Now Is the Future of Direct Selling

"Any plan of sales operation must at some time reach its peak of effectiveness, and then gradually decline. When that happens, either the method must be altered or

new methods must be developed," states the Managing Director, Eureka Vacuum Cleaner Company. The author points out that although direct selling has not yet reached its peak, the manufacturer who is contemplating entering the direct selling field, should first ask himself these questions: 1. Is my product one that is suited to the direct selling method?; 2. Have I sufficient gross margin to absorb the increased selling expense necessitated by this method?; 3. Have I a definite and carefully-worked-out plan for hiring, training and controlling salesmen? By F. Wardell. *Business*, March, 1934, p. 16:2.

Product Development Program Opens Two New Markets

The President of the Reynolds Metals Company, Inc., describes the product development program that gave his company the opportunity to enter two new markets. Formerly engaged solely in the manufacture of metal foils for the preservation of tobacco and food products, this organization, aided by opportune research, found a means profitably to enter the electrical refrigerator and building fields. "We believe that this is the logical time to expand," he concludes . . . "we have utmost confidence in the future." By Richard S. Reynolds. *Executives Service Bulletin*, February, 1934, p. 1:3.

How One Thousand Consumers Would Use Government Grades

During the past two weeks the Arnold Research Service conducted a survey in order to establish authoritative, impartial information regarding the probable effect of government grading of goods on the public's buying. This study revealed that more than 70 per cent of the people would be inclined to be guided by government

quality standards stamped on their purchases. One thousand test questionnaires were placed in homes of all classes in thirty eastern states. The three questionnaire forms used and a table of the results obtained are shown. By Pauline Arnold. *Advertising & Selling*, March 1, 1934, p. 22:3.

We Have Put the Consumer on Our Payroll

Telling how the "Department of Consumer Representatives" effectively safeguards quality, the Advertising Manager, Scott Paper Company, states that meeting the consumer's requirements has entailed the expenditure of many thousands of dollars in improved machinery, finer raw materials and in scientific control—a profitable expenditure, he observes, as evidenced by the fact that "our sales volume during each of the past four years has substantially exceeded 1929." By W. W. Tomlinson. *Executives Service Bulletin*, February, 1934, p. 5:2.

Wider Line of Products Pulls Evans Out of the Red

Evans Auto-Loading Company, predecessor of the Evans Products Company, carried "all its eggs in one basket." It supplied 90 per cent or so of all the blocks, hold-downs, straps, boxes, decking and other materials and devices used in loading automobiles for shipment by rail or water, but this was its one and only line. That being the case, automobile manufacturers were its only class of customers. This article describes the manner in which the company developed and promoted new items in new markets—independent of the rise or fall in automobile production. By D. G. Baird. *Sales Management*, February 15, 1934, p. 135:2.

Salesmanship

Staging the Interview

One of the first and most important points in the preparation for approaching

the prospective customer is the salesman's personal appearance, says the Sales Manager, International Correspondence Schools.

Next, the salesman should know as much as possible about the man he is to meet, approach him with confidence, but not too much. "Persistence, if accompanied by politeness and a cheery manner, will often

win an interview in a difficult place." A salesman should realize that he must make the other man want what he has to sell, giving price a place of secondary importance. By J. B. Barker. *Marketing*, January, 1934, p. 11:2.

Buying, Receiving, Storing, Shipping

Coordination of Research Staffs and Purchasing Officers

The author, Director of The Monsanto Chemical Works, Ltd., says, "In my opinion it is not possible for any department or section of an organization to give of its best to that organization, unless the department keeps itself in close contact with all the other departments with which it has to work." He then lists the many ways in which the research department can assist the purchasing department and vice versa. By Dr. C. Hamilton Foott. *Industry Illustrated*, January, 1934, p. xv:3; February, 1934; p. 26:3.

Estimated Cost of Operating Trucks on a Mileage Basis

A study of the operating costs of trucks from $\frac{1}{2}$ to 5-ton capacity for mileages from 4,000 to 50,000 a year, from information supplied by 1,175 Iowa truck owners. The study is illustrated with graphs and tables which are helpful. By Robley Winfrey. *Power Wagon*, December, 1933, p. 5:10.

Simple Cost System Cuts Our Costs 33 $\frac{1}{3}$ to 50 Per Cent

On a fleet of 35 trucks fuel costs were reduced 33 $\frac{1}{3}$ per cent and tire costs were lowered 50 per cent by the Dayton Bread Co., through an effective cost control plan. A daily report on gas, oil and mileage, is made by each driver. Air pressure in tires is checked once a week. In addition, realizing that the front end of the trucks carried no more load when full than when empty, lighter and smaller tires replaced the high-pressure tires in front. The garage superintendent checks each item at

the end of the week with his own record. By Arthur Flesher. *Power Wagon*, January, 1934, p. 21:2.

Protecting the Consumer Under NRA

The Executive Secretary of the National Association of Purchasing Agents maintains that the writing of codes was too largely placed in the hands of the sales-minded representatives of industry. These individuals mistook the freedom to eliminate destructive competition for the right to eliminate all competition and are therefore due for a rude awakening. This must necessarily be so, he points out, in view of the fact that only the courts and the Federal Trade Commission have authority to enforce code provisions, and, when presented for enforcement, these officials will no doubt interpret the constitutionality of the provisions in the light of previous decisions concerning monopolies and monopolistic practices.

The Consumers' Advisory Board has been advocating the acceptance of several definite principles for consumer protection in the development of codes. "It is my belief," Mr. Renard states, "that if business had the proper vision, it would have insisted on the adoption of those same principles, but it is also my belief that they were busy selling themselves rainbows that will ultimately prove to be of little value, and in fact, in many instances will prove to be very definite handicaps."

Mr. Renard sees in the purchasing agent a desirable representative of industry in the formulation of codes. "The P. A.," he points out, "would seem to be the logical interpreter of public interest, as he has the consumer's viewpoint, he knows trade cus-

toms and practices, and should know and appreciate what is fair and unfair." By

George Renard. *Mill & Factory*, February, 1934, p. 31:6.

Retailing

Meeting the Returned Goods Problem

The Vice-President and General Manager, Sanger Brothers, Inc., touches upon training meetings for salespeople and upon the extensive campaign of customer education that was developed through newspaper, billboard and mail advertising, through news stories, and package and statement inserts. He details in this article the results of the program and gives figures that help answer the question, "How will a program aimed at the returned goods evil affect volume of business?" By E. P. Simmons. *Executives Service Bulletin*, February, 1934, p. 7:2.

Chain Store Sales

According to a study of chain store sales for 1933 made by Merrill, Lynch & Co., investment bankers, a strong recovery was made by both the chain store and mail order companies in the last six months of 1933. While aggregate results of 27 chain store and 2 mail order companies showed a decrease of 1.52 per cent in 1933 over

1932, the sales of the last six months of 1933 showed an increase of 6.66 per cent over the corresponding six months of 1932. In the first six months of 1933, the same 29 companies showed a decrease of 10.07 per cent over the corresponding months of 1932. *Merrill, Lynch & Company*, January 19, 1934. 2 pages.

The Pierce Way of Selling Foods

With a nation-wide reputation, a large mail order trade and six stores in Boston and its suburbs, S. S. Pierce Co., century-old New England grocery concern, obtains 65 per cent of its sales volume over the telephone. Mr. Foster discusses the merchandising methods of this company which does a business of department store proportions in groceries, and tells how the organization has changed with the times while maintaining its leadership in the face of chain store competition. By Le Baron R. Foster. *The Merchandise Manager*, February, 1934, p. 27:3.

Books Received

American Society of Heating and Ventilating Engineers Guide, 1933. American Society of Heating and Ventilating Engineers, New York, 1933 (11th ed.). 831 pages. \$5.00.

Banking Act of 1933 and the Emergency Bank Act of 1933. Edited by John Edson Brady. *The Banking Law Journal*, Cambridge, 1933. 116 pages.

Business Principles Everyone Should Know. By A. B. ZuTavern and A. E. Bullock. Commercial Textbook Company, South Pasadena, 1933. 440 pages.

Consumer Loans in Wisconsin. By Genevieve Townsend. Straus Printing Company, Madison, 1932. 153 pages. \$1.00 cloth, 50¢ paper.

End the Crisis! By Felix Somary. E. P. Dutton & Company, New York, 1933. 111 pages. \$1.00.

The History of the Standard Oil Company. By Ida M. Tarbell. Macmillan, New York, 1933. 409 pages. \$5.00.

Introduction to Sales Management. By Harry R. Tosdal. McGraw-Hill Book Company, New York, 1933. 418 pages. \$3.50.

Money and Banking. By William Howard Steiner. Henry Holt and Company, New York, 1933. 931 pages. \$4.50.

Style Manual of the United States Government Printing Office. Government Printing Office, Washington, 1933 (rev. ed.). 302 pages. \$1.00.

- World Economic Survey, 1931-1932.** League of Nations. World Peace Foundation, Boston, 1932. 327 pages. \$2.50 (cloth bound and indexed).
- Financial Policies in the Aviation Industry.** By Paul A. Dodd. The Author, Philadelphia, 1933. 234 pages.
- Modern Publicity—1933-1934.** Edited by F. A. Mercer and W. Gaunt. The Studio Publications, Inc., New York, 1933. 124 pages. \$4.50 (cloth).
- Ores and Industry in the Far East.** By H. Foster Bain. Council on Foreign Relations, New York, 1933 (revised and enlarged). 288 pages. \$3.00.
- Report and Recommendations of the California State Unemployment Commission—November, 1932.** California State Unemployment Commission, San Francisco, 1933. 810 pages.
- Stabilization of Money.** Compiled by James Goodwin Hodgson. H. W. Wilson Co., New York, 1933. 238 pages. 90c.
- The Story of Money.** By Norman Angell. Garden City Publishing Company, Garden City, 1929. 411 pages.
- National and International Organizations in the Graphic-Arts Industries in the United States.** By David Gustafson. Author, Mt. Washington, Pittsburgh, 1932. 44 pages. 75c.
- Who's Who in Printing in the United States and Canada, (Part I).** By David Gustafson. Author, Mt. Washington, Pittsburgh, 1933. 71 pages. \$1.00.
- Inland Transportation.** By Sidney L. Miller. McGraw-Hill Book Co., New York, 1933. 822 pages. \$4.00.
- Lectures on Taxation.** Columbia University Symposium, 1932. Edited by Roswell Magill. Commerce Clearing House, New York, 1932. 254 pages.
- The Managing Director Himself.** By Herbert N. Casson. *The Efficiency Magazine*, London. 131 pages. 5s.
- The New British Empire.** By W. Y. Elliott. Whittlesey House, McGraw-Hill Book Co., New York, 1932. 519 pages. \$5.00.
- The Federal Securities Act Manual.** By George C. Thorpe and Challen B. Ellis. W. H. Anderson Company, Cincinnati, 1933. 422 pages.
- Foreign Commerce and Navigation of the United States for the Calendar Year 1932.** U. S. Department of Commerce, Washington, 1933. 590 pages. \$2.00 (buckram).
- A Manual of Library Routine.** By W. E. Doubleday. Charles Scribners' Sons, New York, 1933. 348 pages. \$3.00.
- The Cost of Municipal Government in Massachusetts.** (Twenty-sixth annual report on the Statistics of Municipal Finances.) By the Commissioner of Corporations and Taxation. The Commonwealth of Massachusetts, State House, Boston, 1933. 299 pages.
- The Economic World Today.** Edited by Felix Morley. University of Chicago Press, Chicago, 1933. 396 pages. \$1.00.
- The Early Years of Modern Civil Engineering.** By Richard Shelton Kirby and Philip Gustave Laurson. Yale University Press, New Haven, 1932. 324 pages. \$4.00.
- What Electricity Costs.** A Symposium. Edited by Morris Llewellyn Cooke. New Republic, New York, 1933. 275 pages. \$1.00.
- Degenerate Democracy.** By Henry S. McKee. Thomas Y. Crowell Co., New York, 1933. 143 pages. \$1.50.
- What We Are and Why.** By Laurence H. Mayers, M.D., and Arthur D. Welton. Sears Publishing Co., New York, 1933. 340 pages. \$3.00.
- Simple Library Cataloging.** By Susan Grey Akers. American Library Association, Chicago, 1933 (sec. ed.). 173 pages. \$1.50.
- The World Since 1914.** By Walter Con-suelo Langsam. Macmillan, New York, 1933. 723 pages. \$3.00.
- America on Trial.** By Phelps Phelps. T. J. Powers Co., New York, 1933. 106 pages.
- Fighting Business Depressions.** By Roger W. Babson. Harper & Bros., New York, 1932. 249 pages. \$3.00.

- Twenty-Fourth Annual Report of the Civil Service Commission of Canada for the Year 1932.** Civil Service Commission of Canada, Ottawa, 1933. 49 pages. 25c.
- Vocations for Women.** By Adah Peirce. Macmillan, New York, 1933. 329 pages. \$2.00.
- World Disarmament.** By Denys P. Myers. World Peace Foundation, Boston, 1932. 370 pages. \$2.50.
- Toaster's Handbook.** Compiled by Peggy Edmund and Harold Workman Williams. H. W. Wilson Co., New York, 1932 (third revised edition). 483 pages. \$1.80; \$4.50 a set of 3 vols.
- More Toasts.** Compiled by Marion Dix Mosher. H. W. Wilson Co., New York, 1932. 542 pages. \$1.80; \$4.50 a set of 3 vols.
- Still More Toasts.** Compiled by Helen M. Muller. H. W. Wilson Co., New York, 1932. 505 pages. \$1.80; \$4.50 a set of 3 vols.
- Investments.** By David F. Jordan. Prentice-Hall, New York, 1933 (sec. rev. ed.). 425 pages. \$4.00.
- Recent Social Trends Monographs.** McGraw-Hill Book Co., New York, 1933.
- Population Trends in the United States.** By Warren S. Thompson and P. K. Whelpton. 415 pages. \$4.00.
- Americans at Play.** Recent Trends in Recreation and Leisure Time Activities. By Jesse Frederick Steiner. 201 pages. \$2.50.
- Races and Ethnic Groups in American Life.** By T. J. Woofter, Jr. 247 pages. \$2.50.
- Problems of Education in the United States.** By Charles H. Judd. 214 pages. \$2.50.
- Health and Environment.** By Edgar Sydenstricker. 217 pages. \$2.50.
- Trends in Public Administration.** By Leonard D. White. 365 pages. \$4.00.
- Rural Social Trends.** By Edmund de S. Brunner and J. H. Kolb. 386 pages. \$4.00.
- The Story of Money.** By Mary Duncan Carter. Farrar & Rinehart, New York, 1932. 71 pages. \$1.25.
- Essentials of Business Law.** By Edward M. Kanzer in collaboration with Charles W. Gerstenberg. Prentice-Hall, New York, 1933. 551 pages. \$1.56.
- Review of World Production, 1925-1931.** League of Nations. World Peace Foundation, Boston, 1932. 166 pages. \$1.25.
- Housing Status of Salaried Workers Employed in Pittsburgh.** By Theodore A. Veenstra. Bureau of Business Research, University of Pittsburgh, Pittsburgh, 1932. 99 pages. \$1.00.
- Methods of Statistical Analysis in the Social Sciences.** By George R. Davies and Walter F. Crowder. John Wiley & Sons, Inc., New York, 1933. 355 pages. \$3.25.
- The Cigar Manufacturing Industry.** Factors of Instability Affecting Production and Employment. By Russell H. Mack. University of Pennsylvania Press, Philadelphia, 1933. 140 pages. \$2.50.
- Economic Nationalism.** Compiled by James Goodwin Hodgson. H. W. Wilson Company, New York, 1933. 208 pages. 90c.
- Moneylending in Great Britain.** By Dorothy Johnson Orchard and Geoffrey May. Russell Sage Foundation, New York, 1933. 185 pages. \$2.00.
- Prediction, Planning and Control.** An Engineering Approach to Y. M. C. A. Management. By James W. McCandless. Association Press, New York, 1933. 107 pages. \$1.00.
- Tested Selling Sentences.** (The Language of the Brain.) By Elmer Wheeler. John Murphy Company, Baltimore, 1932. 219 pages. \$2.50.
- The United States and the Soviet Union.** Committee on Russian-American Relations of The American Foundation, New York, 1933. 279 pages.
- Principles of Business Law.** By Essel R. Dillavou and Charles G. Howard. Prentice-Hall, New York, 1933 (rev. ed.). 966 pages. \$5.00.

Modern Business English. By A. Charles Babenroth (revised by Peter T. Ward). Prentice-Hall, New York, 1933 (rev. ed.). 552 pages. \$4.00.

Fashion Merchandising. By Paul H. Nystrom. Ronald Press Co., New York, 1932. 255 pages. \$4.00.

Labor Problems. By Frank Tracy Carlton. D. C. Heath & Co., New York, 1933. 458 pages. \$2.60.

A Primer of "New Deal" Economics. By J. George Frederick. The Business Bourse, New York, 1933. 322 pages. \$2.00.

Social Problems and Social Processes. Selected Papers from the Proceedings of the American Sociological Society, 1932. Edited by Emory S. Bogardus. University of Chicago Press, Chicago, 1933. 154 pages. \$1.50.

Textbook of Salesmanship. By Frederic A. Russell. McGraw-Hill Book Co., New York, 1933 (second edition). 428 pages. \$3.00.

Thesaurus of English Words and Phrases. By Peter Mark Roget. Grosset & Dunlap, New York, 1933 (revised edition). 705 pages. \$1.50.

Survey of Books for Executives

Dollars. By Lionel D. Edie. Yale University Press, New Haven, 1934. 293 pages. \$2.50.

It is a trifle unfortunate that this book carrying Mr. Edie's penetrating analysis and constructive recommendations on current monetary conditions, did not appear six months ago. Its earlier entrance on the stage of finance would have minimized the slapstick performance to which the business audience was being exposed, and would have furnished some comfort to those who believe that a touch of substantial common sense is not amiss in any drama of finance.

Inevitably, Mr. Edie notes forcefully and without wincing, the difference between the transitional and permanent requirements for the rehabilitation of the business structure of United States. Observing that in the transitional phase we have emphasized stimulation of all kinds, stimulation of recovery, stimulation of prices, stimulation of purchasing power, he says that if the shift from artificial stimulation to self-sustaining forces is to be met without too great a shock, it will be necessary for the capital goods industries to function effectively at the time the shift is made.

The author is of the opinion that the United States should return to a new gold

standard in which bimetallism should play no part. The monetary standard should envisage both internal and external price stability, in which program the central banks should give due attention to the principle of coordinating credit expansion with secular growth in the physical volume of trade. Mr. Edie does not hold out much hope for a satisfactory monetary standard unless the United States cooperates with other nations in maintaining an equilibrium in gold supply and foreign exchange rates.

There is an eight and one-half page index.

FRANK PARKER, *Professor of Finance, Wharton School of Finance and Commerce, University of Pennsylvania.*

Nazi Means War. By Leland Stowe. Whittlesey House, McGraw-Hill Book Company, New York, 1934. 142 pages. \$1.50.

A picture of a war machine in the making; of a million uniformed men drilling; of children taught to throw hand grenades; of a widespread resurgence of the military spirit. Based upon personal investigation, its findings soberly presented, the book is none the less a document of importance. The author has represented

the New York *Herald Tribune* in Europe for the past eight years. In 1930 he won the Pulitzer prize for the best reporting of the year.

How to Do Publicity. By Raymond C. Mayer. Harper & Brothers, New York, 1933. 258 pages. \$3.00.

The author defines publicity as "the act of presenting information in inviting and widely interesting form through enlisting the help of the most effective mediums of communication to gain an audience at the proper time and in the proper place." This book aims to present up-to-date publicity methods and technique and to deal with the "larger aspects of cause and effect in public relations." A discussion of the following publicity channels is included: newspapers, general magazines, class and trade journals, news syndicates, photo syndicates, newsreels, trailers, industrial motion pictures, radio, and other mediums of communication used today in publicity.

Handwörterbuch des Bankwesens. By M. Palyi and P. Quittner. Julius Springer, Berlin, 1933. 614 pages. RM 48.80.

This is one of the most valuable publications of recent years. It really gives in many respects much more than its title would promise. The editors intended to publish an encyclopedia on banking, but their publication is certainly much more. If it contained articles on value, price, and some other fundamental economic concepts, one would be justified in calling it a small, but very useful Encyclopedia on Social Sciences. In saying that, I have already indicated that the editors have not been narrow in the selection of the topics their publication covers. Confronted with the difficulty of delimiting the scope of the publication which the editor of any encyclopedia has to face, the editors evidently and very wisely decided to include as much as possible. This was the more necessary as "banking" is tied up with so many prob-

lems and touches upon so many aspects of our economic system. The authors who have been selected are in nearly all cases experts well known in the field on which they write. While a successful attempt has been made throughout to use a language which is understandable and familiar to "laymen" and to men in practical business, the articles are characterized by a high scientific standard. It should be noted particularly that the international aspects of the various problems dealt with have everywhere been taken into due account. This encyclopedia will surely prove to be a useful tool for students and business men, not only in Germany but also in this country.

OTTO NATHAN,
Princeton University.

Steps to the Order. By J. C. Aspley. Dartnell Corporation, Chicago, 1934. 136 pages. \$1.00.

The sales methods recommended in this book are based on the salesmen's training courses and manuals of the following companies among others: Toledo Scale Company, General Electric Company, Edison General Electric Appliance Company, Chrysler Corporation, National Cash Register Company, Williams Oil-O-Matic Company, Addressograph-Multigraph Corporation and New York Life Insurance Company.

Washington and the Revolutionists. By Roger W. Babson. Harper & Brothers, New York, 1934. 337 pages. \$2.50.

If you would understand the New Deal you should know the personalities who conceived and are administering it. Roger Babson has put together a valuable handbook for business men who have, or may have occasion to "go to Washington." His brief, impartial and interesting notes on the lives and careers of the men and women who are the government should prove helpful to those who may find it difficult to understand what is happening at the capitol. As to the future—"statistics clearly

indicate that we are now in an economic revolution of which the Blue Eagle may become the symbol of the dictator. On the other hand, the revolutionists may make such a mess of things that there will follow a Republican landslide and a popular reaction toward conservatism. Meanwhile, the government, through the R.F.C., and other bodies, is rapidly becoming the largest investor in American railroads, banks and other corporations. This of itself will tend for conservatism rather than for revolution."

C. R.

The Principles and Practice of Marketing. By R. Simmat. Pitman Publishing Corporation, New York, 1933. 247 pages. \$3.00.

The author defines the scope of modern marketing as the entire process of distribution from the producer to the consumer in so far as this process is broadly related to influencing the consumer to make purchases. An idea of the subject matter of the book may be derived from the chapter headings some of which are: Market Research; The Consumer Panel; Its Uses and Limitations; Production and Its Relation to Distribution; Brands, Trade-Marks and Trade Names; Packages and Containers; The Selection and Training of Salesmen; The Function of the Salesman; Stimulating the Salesman to Sell; Developing the Interest of the Retailer; and Prices and Price Levels.

The American Federation of Labor. By Lewis L. Lorwin. Brookings Institution, Washington, 1933. 573 pages. \$2.75.

The story of the American Federation of Labor during the half century of its development presents a complex record of success and failure. Dr. Lorwin's study of this development is both historical and analytical. He traces the changes in the policies and character of the organization from its beginnings to the present time, describing its methods of operation and its relation to the American labor movement

as a whole. Considerable attention is given to the current problems of the Federation and, in the final chapter, an attempt is made to trace the pattern of the future from an interpretation of the past.

Recovery and Common Sense. By O. M. W. Sprague. Houghton Mifflin, Boston, 1934. 96 pages. \$1.00.

The former economic advisor to the United States Treasury analyzes the Roosevelt policies and presents his own ideas of economic reform and the devaluation and stabilization of the dollar. Beginning with the statement "no monetary policy, however wisely formulated, is sufficient to bring about a trade recovery," Doctor Sprague considers the non-monetary, then the monetary aspects of the recovery problem. He says, "developed along right lines, I believe it to be possible that improved housing for the mass of people in the United States can do all and more than was done in the seventies of the last century by the expansion of food exports, or a decade ago by the expansion of automobile production." He suggests as an objective or as a slogan "one more room for every family in the United States below the income level of two thousand dollars." In considering the monetary aspects of recovery, Dr. Sprague expresses his desire for an "early general rise of prices from the present low level." He then shows the slight immediate influence which the supply of money exerts upon the level of prices, and discusses the influence of depreciation on the price level. "The ineffectiveness of dollar depreciation as a price-raising factor in the United States is due to the comparatively small percentage of exports to our total production." The final chapter of the book is given over to a consideration of the permanent monetary policies which seem to hold greatest promise of yielding a dollar of stable purchasing power. In this regard Dr. Sprague says "An improved international gold standard, in my judgment affords the greatest promise of reaching the desired objective."